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SUBJECT: CZECH PM TOPOLANEK SUFFERS ANOTHER DEFEAT IN  
SENATE ELECTIONS

REF: PRAGUE 666

Classified By: POLEC COUNSELOR CHARLES BLAHA FOR REASONS 1.4 (B) AND (D)  
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1. (C) SUMMARY: In the October 24-25 second round of Senate elections, Czech voters dealt another blow to PM Topolaneck's Civic Democratic Party (ODS), which was still reeling from the defeat it suffered in the October 17-18 regional elections. In the 27 Senate races, ODS managed to hold onto only three seats, all in ODS's traditional stronghold Prague. The Social Democrats (CSSD), which swept the regional elections, won 23 Senate seats, and the Communists (KSCM), one. This second beating has added to the pressure on PM Topolaneck, who has for the first time acknowledged that he would be prepared to step down as chairman of ODS under some conditions at the December 5-7 ODS congress. For ODS and the Topolaneck government there are no easy solutions to the political crisis, especially in light of the approaching Czech EU Presidency. Possible scenarios include PM Topolaneck continuing as premier but not ODS chairman, a newly reconstituted coalition government under a new premier, and a technocratic government with early elections. No matter how the chips fall in the coming weeks, it is clear that PM Topolaneck and his government have been undermined, and their present difficulties threaten not only preparations for the EU Presidency, but also other priorities like missile defense ratification. END SUMMARY.

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SENATE ELECTIONS: ANOTHER BIG WIN FOR CSSD  
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2. (C) The October 24-25 second round of senate elections confirmed that last week's CSSD sweep in the regional elections was not just a fluke (ref A). Nearly 30 percent of Czech voters came to the polls to elect one-third of the Senate. They voted in 22 CSSD Senators, only three ODS Senators, and one Senate seat went to KSCM. CSSD won one Senate seat during the October 17-18 first round of Senate elections, when its candidate in Karvina, a city in Northern Moravia, won the contest outright with more than 50 percent of the vote. The extent of CSSD's victory is illustrated by one simple fact: no party had ever won 23 Senate seats in one election.

3. (C) Despite CSSD's victory, ODS will remain the strongest party in the Senate, with 35 seats. ODS has lost its majority of 41 out of 81 seats, and this loss is particularly painful to the party, which considered its position in the Senate as an important lever of control over what happens in the lower chamber. Nevertheless, if ODS continues to cooperate in the Senate with its coalition partner, the Christian Democrats (KDU-CSL), the two parties together will control 42 votes. In addition, the two parties can usually count on the support of some of the independents, who will

number seven in the next Senate.

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ODS: THE WAR WITHIN  
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14. (C) Already after the regional elections it was clear that PM Topolánek's chances of survival as head of ODS were slim. With the Senate defeat, PM Topolánek read the writing on the wall and himself admitted that he would be willing to support another candidate for the ODS chairmanship provided that this candidate could: 1) maintain the party's policy program; 2) restore unity within ODS; and 3) continue the coalition with KDU-CSL and the Greens. However, it is unclear whether Topolánek is in a position to dictate conditions. Nearly all members of ODS leadership, not just those who are interested in Topolánek's job, but also the party's "wise men," have publicly stated that the party must begin looking for a new chairman.

15. (C) Who that new chairman will be, however, is not at all certain. Although Prague mayor Pavel Bem is the most talked-about candidate and considered President Klaus' favorite, he is by no means a shoo-in. Although Bem is consistently rated as one of the most popular Czech politicians in public opinion polls, within ODS his popularity does not extend much beyond Prague. Indeed, we have heard from one ODS parliamentarian that Bem was trying to push the idea of an early ODS congress only because he was worried that in the five weeks remaining before the regularly scheduled party congress on December 5-7, the non-Prague forces within ODS would have time to unite against him.

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Bem's candidacy may also face other obstacles. Media have begun reporting recently on investigations being conducted by the police and intelligence services, which are looking into Bem's involvement in suspicious sales of city properties to shady businesses. While Bem would not be the only Czech politician who has used his influence in questionable transactions, the press reports could be used by his ODS opponents to raise doubts about his candidacy.

16. (C) Most important, however, may be Bem's own reasons for not pressing his candidacy at this time. Bem has never been a political risk-taker, and taking over ODS in these troubled times would certainly be risky. One plausible scenario, which Senate chairman Premysl Sobotka confirmed to emboff last week, would have deputy ODS chairman Petr Bendl, who lost his reelection bid as governor of the Central Bohemian region, take over ODS now. Bem would wait in the wings, run the party in actuality but take no blame for any electoral losses, which are likely in the 2009 European parliament elections and the 2010 parliamentary elections. Bendl, who is a close political partner of Bem, has already indicated that he would run for ODS chairman if Bem decides not to run. As a compromise candidate, Bendl would probably be more palatable than most other aspirants to the job.

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UNCERTAIN FUTURE OF TOPOLÁNEK COALITION  
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17. (C) The future of the Topolánek government also remains in doubt. The opposition has called for the current three-party coalition to be replaced by a technocratic government that would carry forward during the Czech EU Presidency; early parliamentary elections would follow in June 2009. ODS and its two coalition partners, the Greens and KDU-CSL, are naturally averse to early elections, which would likely result in their defeat. For the fractured Greens, early elections could mean that they would not be able to pass the five-percent threshold for entry into parliament. For the badly mismanaged and rudderless KDU-CSL, the electoral prospects are not much better. Despite the high negatives of this option, the media are speculating that

this is exactly the deal that President Klaus, Bem, and CSSD chairman Jiri Paroubek are preparing. For ODS and CSSD, a backroom deal of this type would not be the first. (Note: Under the infamous "opposition agreement," a CSSD government was supported by ODS and governed during 1998-2002. End Note.). While Paroubek would be prepared to support a technocratic government as a bridge until the early elections, he has repeatedly stated that he would not enter into any "grand" coalition with ODS. For Paroubek, it is much more advantageous to remain in opposition, not get tainted with governing during a period when the economy may get worse, and ride to victory -- he hopes -- in the next parliamentary elections. FM Schwarzenberg confirmed this assessment of Paroubek and his intentions to visiting Homeland Security Secretary Chertoff on October 27.

18. (C) Another possibility, which PM Topolanek has signaled would be acceptable, would see him give up his ODS chairmanship but continue as premier. This scenario would be accompanied by a cabinet reshuffle, in which unpopular minister, such as Health Minister Julinek, would be sacked. The Greens and KDU-CSL support this scenario because it would keep them in government, i.e. positions of power, and would not lead to early elections. In a sense, this would also be the simplest scenario because 1) it would not require protracted negotiations of a new coalition government; and 2) it would not require the governing coalition to ask the parliament for a vote of confidence, as any new government would. As both DPM Vondra and FM Schwarzenberg stressed in the last week, a country that is about to take up the EU presidency cannot afford protracted coalition negotiations and an uncertain outcome in the parliamentary confidence vote. While this is clearly the preferred option of the leaders of the three coalition parties and of those preparing for the EU presidency, this scenario is by no mean assured. (Note: DPM Vondra has been mentioned as both a possible compromise candidate for ODS chairman and as premier in the above-mentioned technocratic government. Selecting Vondra, who is preparing the country's EU presidency, to lead the government during the presidency would make sense, and would be more likely than his selection for the party post. Vondra, who is a senator for ODS, has never been an ODS operative and would not take the job if Bem were really pulling the power strings. Vondra is also likely to be a top contender for EU Commissioner, when the current Czech incumbent Vladimir Spidla ends his term in summer 2009. End

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Note.)

19. (C) The third option is exactly the one DPM Vondra and FM Schwarzenberg fear most: Topolanek would be replaced both as ODS chairman and as prime minister. If Bem, Bendl, or any other ODS aspirant decide to unseat Topolanek as prime minister, it is not at all clear that 1) the current shaky coalition would survive (a point FM Schwarzenberg made repeatedly with Secretary Chertoff on October 27); and 2) the new government could continue to count on the support of the various parliamentary "rebels," who have so far helped keep Topolanek in power, including during the most recent vote of no-confidence on October 22. If the Czechs want to ensure an EU presidency that is even partially successful, they cannot afford to risk another seven-month interregnum like the one that followed the 2006 parliamentary elections. Certainly last week's French and Austrian press reports that France could in some fashion extend its presidency into next year have caught the attention of Czech politicians, at least the more responsible ones.

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COMMENT: TOPOLANEK'S LEGACY  
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110. (C) The past 10 days have left Topolanek badly bruised, politically speaking. The ensuing political maneuvering inside ODS and on the Czech political scene as a whole will

distract him and his cabinet. That said, it is clear at least from his public statements that he does not plan to go down without a fight -- not necessarily a fight for his political survival, but a fight for keeping on track the priorities he believes in: reforms, MD, and EU Presidency. While pushing forward his reform agenda may no longer be politically feasible, even if he survives as prime minister, Topolanek has repeatedly signaled his commitment to MD and a successful EU Presidency. His continued strong support will be absolutely critical during the ratification of the two MD agreements, which are scheduled for their first reading in the lower chamber later this week. For Topolanek, MD is not just a key building block of the U.S.-Czech security partnership, but also an insurance policy against his country's possible return into Russia's sphere of influence. He views Czech membership in the EU through the same prism. For this reason, he will likely take on the euro-skeptical wing of his party to ratify the Lisbon Treaty. (Note: The Czech Constitutional Court, at the request of the Senate, is considering the constitutionality of the Lisbon Treaty. The Court will hold a public hearing on November 10 and issue its decision thereafter. At that point, if the Lisbon Treaty is found to be in harmony with the Czech constitution, the parliament's two chambers would restart the ratification process. End Note.) Whether Topolanek will be able to engineer some sort of a Lisbon-for-MD swap, the subject of much prior speculation, is difficult to predict, particularly given the current fluid political situation. If he manages to ratify both MD and Lisbon, probably the two most controversial agreements since the treaty concerning the country's NATO accession, Topolanek's legacy will be assured, even if his career does not end on the high point he would have wished.

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